



STEEL MARKET UPDATE

Steel Trends in a Turbulent Market

Responses from our January 6th 2014 Market Survey





- 31 years actively selling flat rolled steel – 38 years in the steel business.
- Newsletter developed for active buyers & sellers of flat rolled steel
- Prices – Momentum – Trends – Analysis – with a guarantee.
- For more information go to www.SteelMarketUpdate.com



Steel 101 Workshop, Severstal Dearborn 2012

Our goal is to provide quality information to the flat rolled steel industry.

We invite over 600 companies to participate in our surveys.

Normal response rate is 125-175 individuals on any one survey.

All responses are kept confidential and are never attributed to the individual or company responding

Steel 101: Introduction to Steelmaking & Market Fundamentals



Instructors: John Eckstein, John Packard, Peter Wright, Steve Painter

We have both classroom and on-site (mill) instruction during our 2 day workshop



Next Workshop – February 4-5



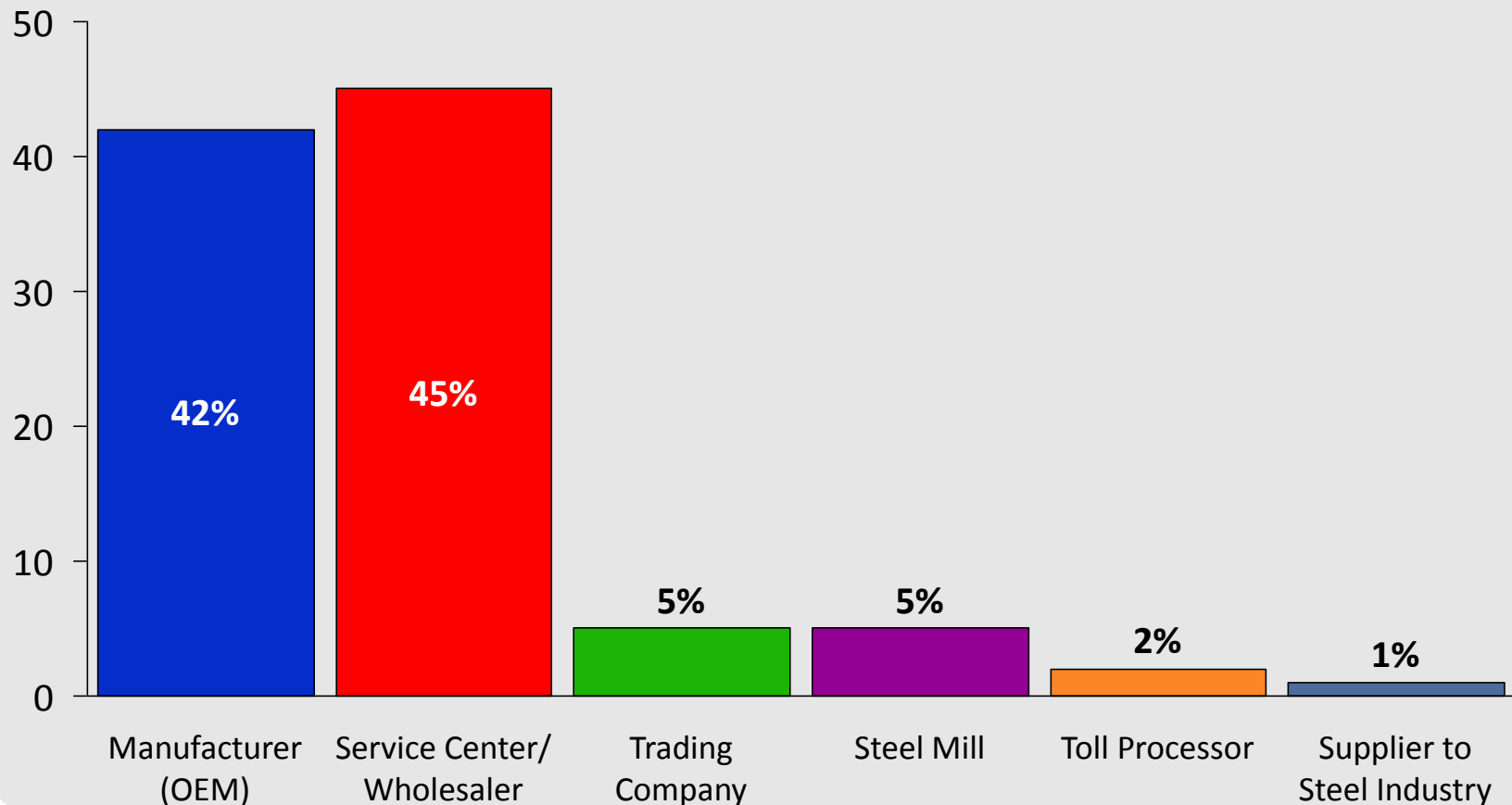
Steel 101 Workshop ArcelorMittal Dofasco 2013

Our next Steel 101 workshop is in Mobile, Alabama and includes a mill tour of SSAB.

If you would like more information about any of our workshops, you may visit the events section of our website, call or office at 800-432-3475, or send us an e-mail at: info@SteelMarketUpdate.com

Survey Participants

Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



SMU Buyers Sentiment

Current up 6 points to +43

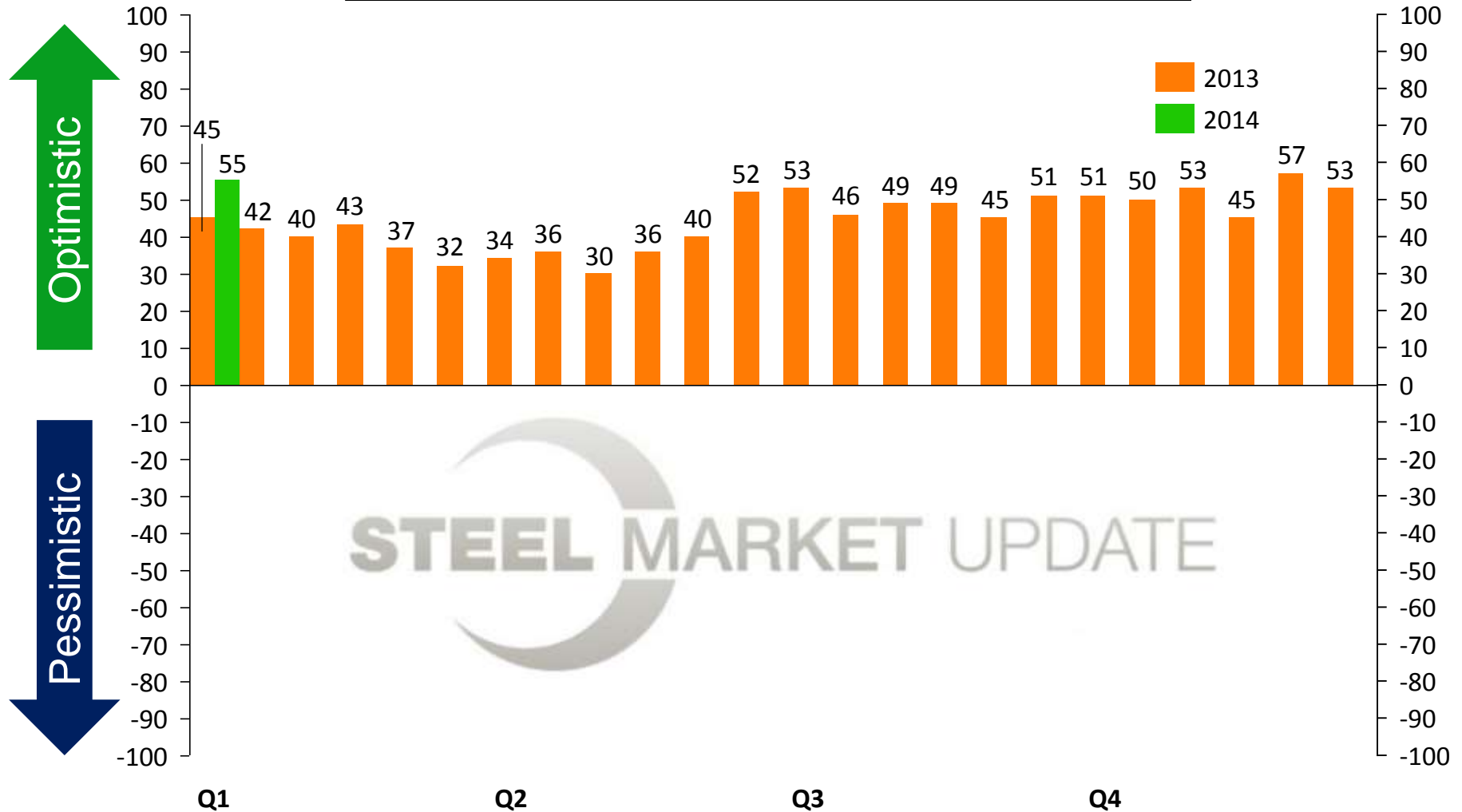
Steel Market Update Buyers Sentiment Index



SMU Future Buyers Sentiment




Future up 2 points to +55

Steel Market Update 'Future' Buyers Sentiment Index

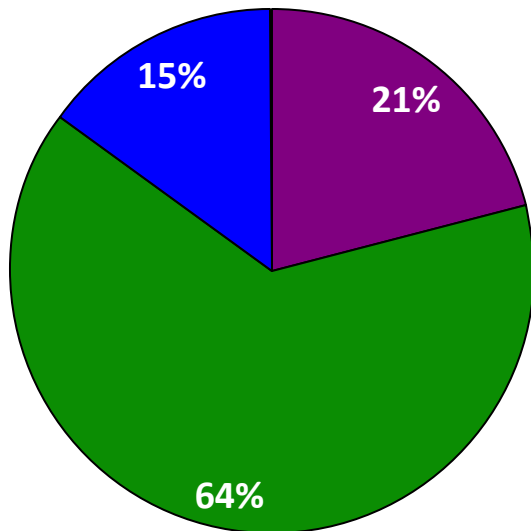


Overall Demand

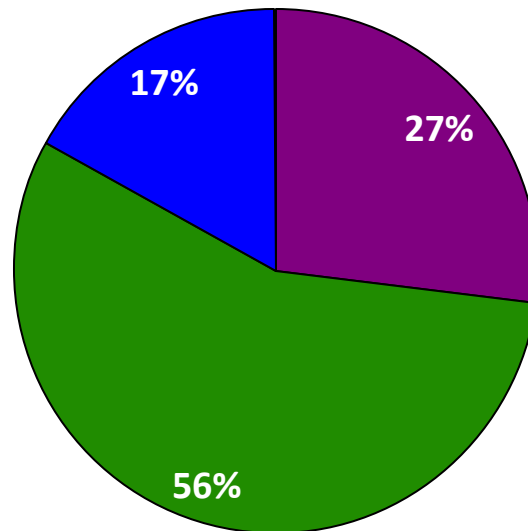
Are you seeing demand for your products improving, remaining the same or declining?

-  Demand is improving
-  Demand is remaining the same
-  Demand is declining

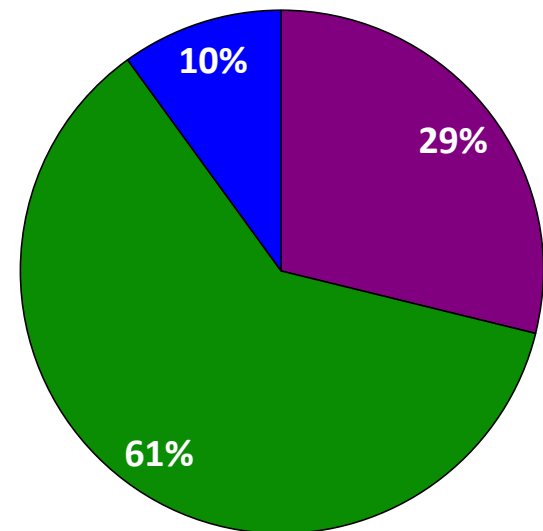
November 8th 2013



December 6th 2013



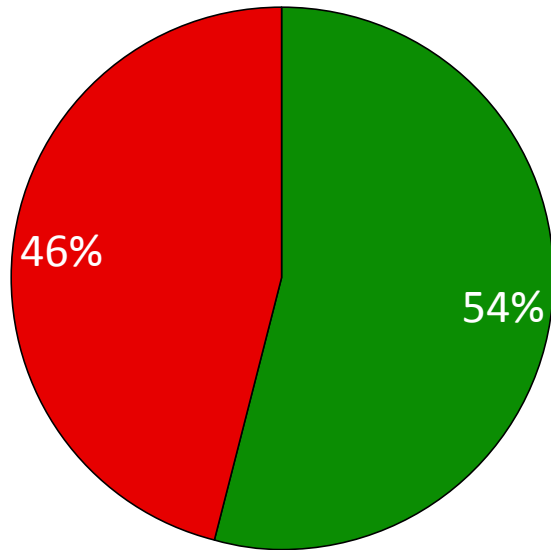
January 10th 2014



Flat Rolled Prices

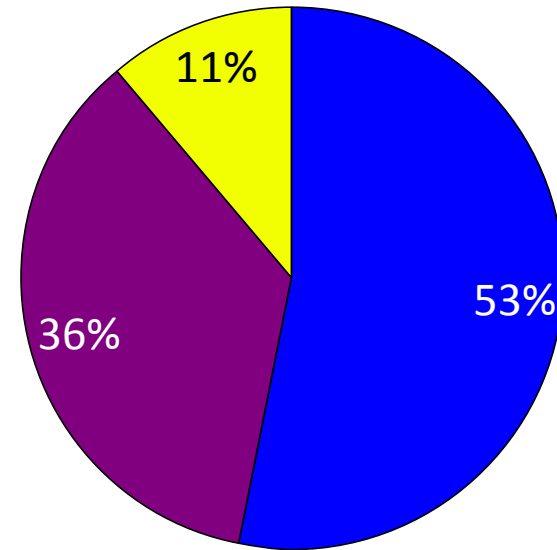
Will the mills be able to collect their most recent price increase on new orders placed over the next two weeks?

Yes No



By the time we reach February 1st domestic flat rolled prices will be...?




Staying the same
Moving higher
Moving lower

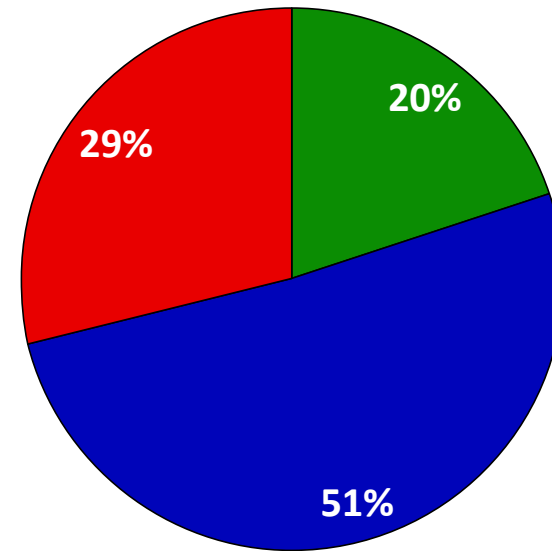
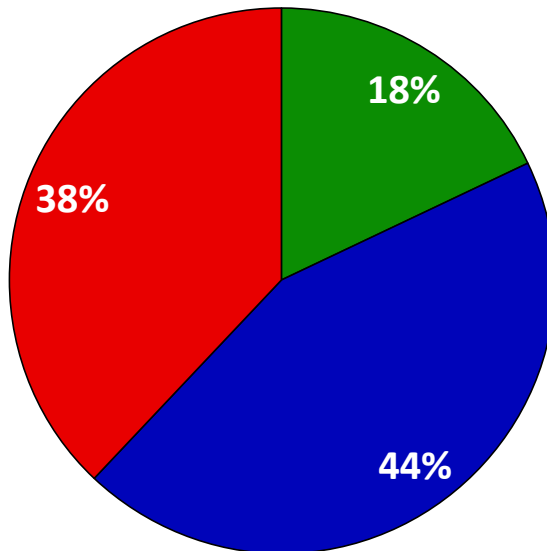


Did your company meet forecast last month?

Manufacturers

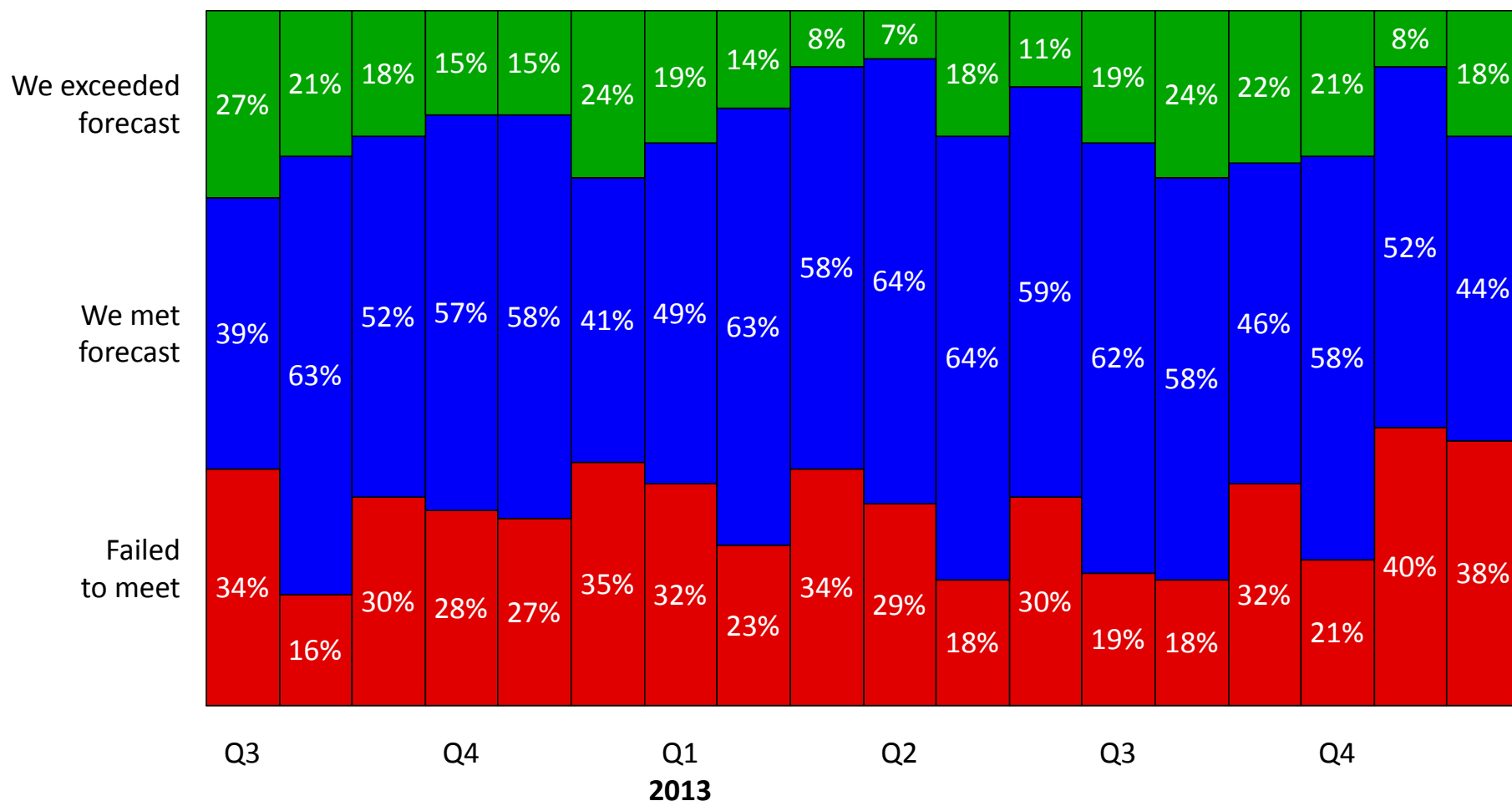
Service Centers

-  We exceeded forecast
-  We met forecast
-  We failed to meet forecast



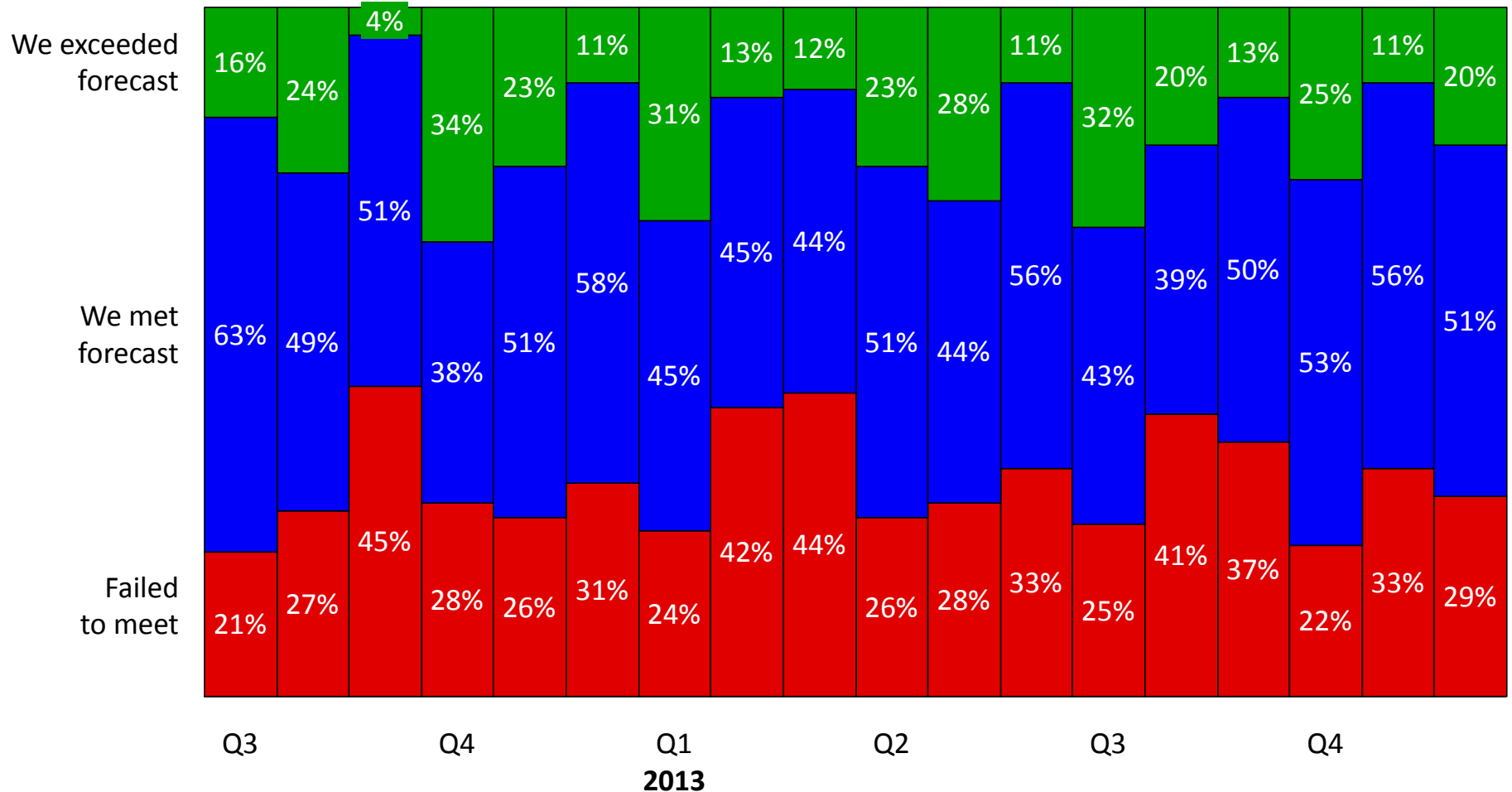
Manufacturer Comparison of Business Level Forecast

Manufacturers- Did your company meet forecast for the month of...



Service Center Comparison of Business Level Forecast

Service Centers- Did your company meet forecast for the month of...

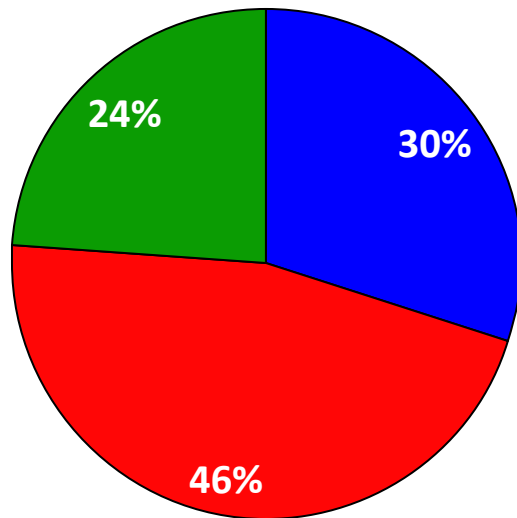


Manufacturer Purchases

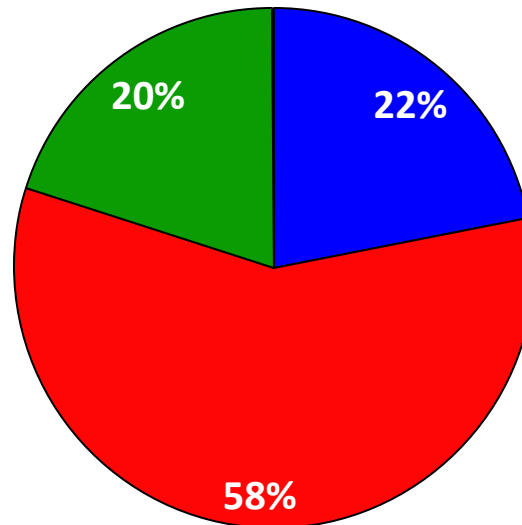
Manufacturers- Compared to this time last year –
is your company buying more, less or the same
amount of flat rolled steel as one year ago?

- Buying more steel
- Buying the same amount of steel
- Buying less steel

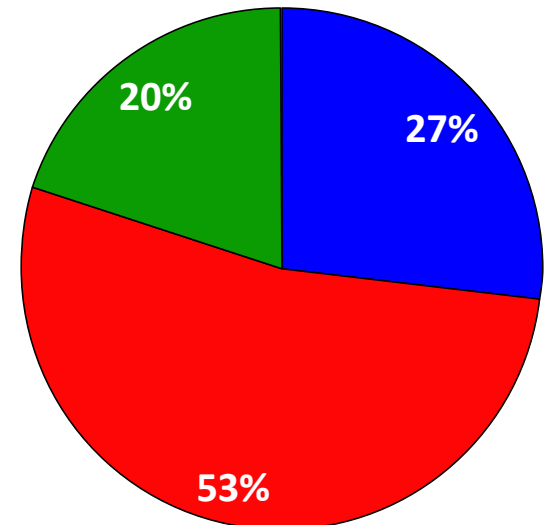
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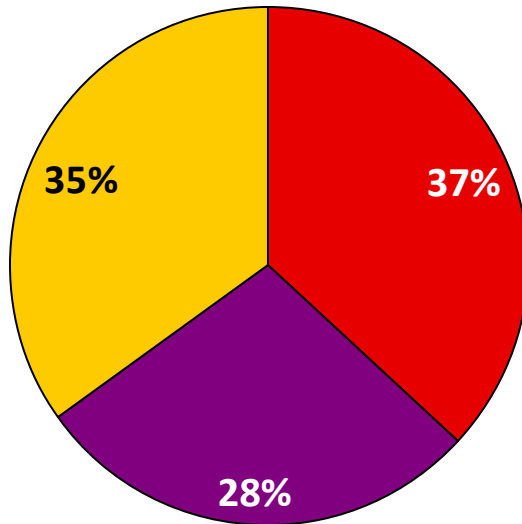


Service Center Releases

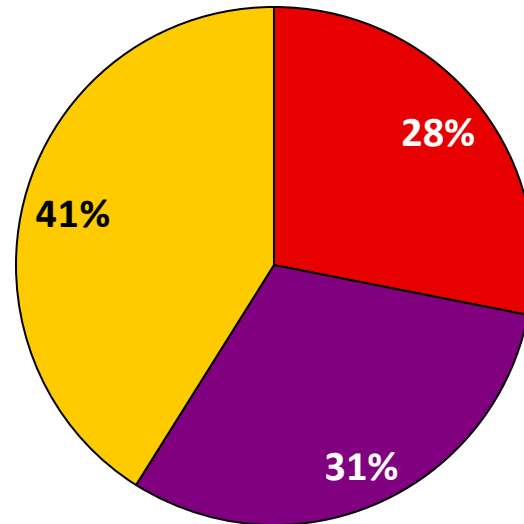
Service Centers- How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

- Releasing more steel
- Releasing less steel
- Releasing the same amount of steel

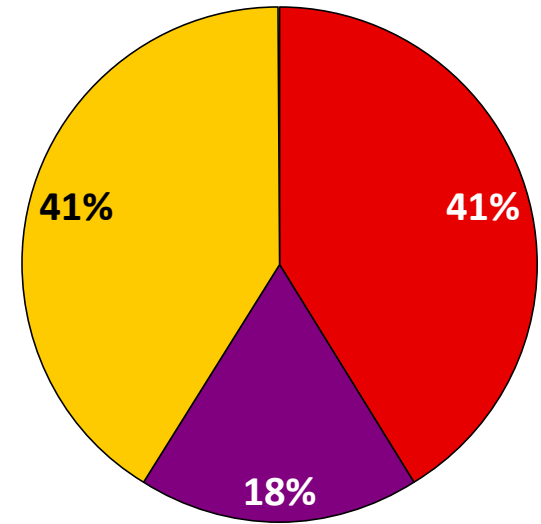
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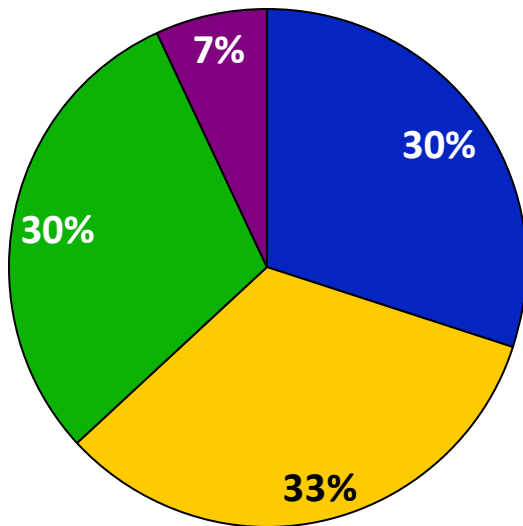


Manufacturer Demand

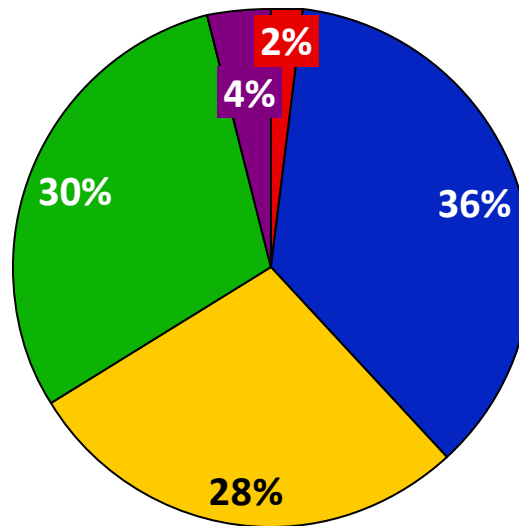
Manufacturers- Demand for your products will _____ over the next 3 months based on current order flows.

- Increase substantially
- Increase marginally
- Remain the same
- Decline marginally
- Decline substantially

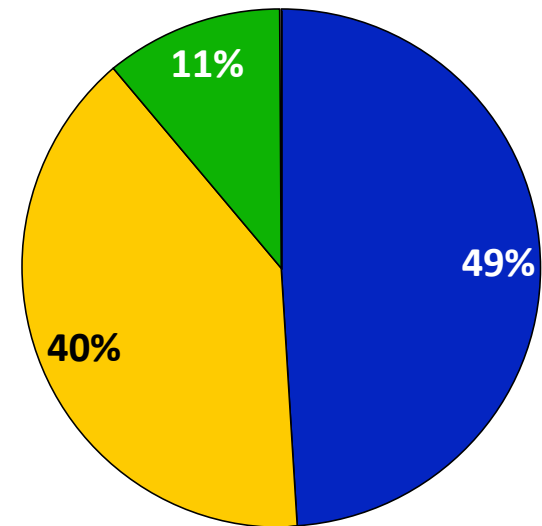
November 8th 2013



December 6th 2013



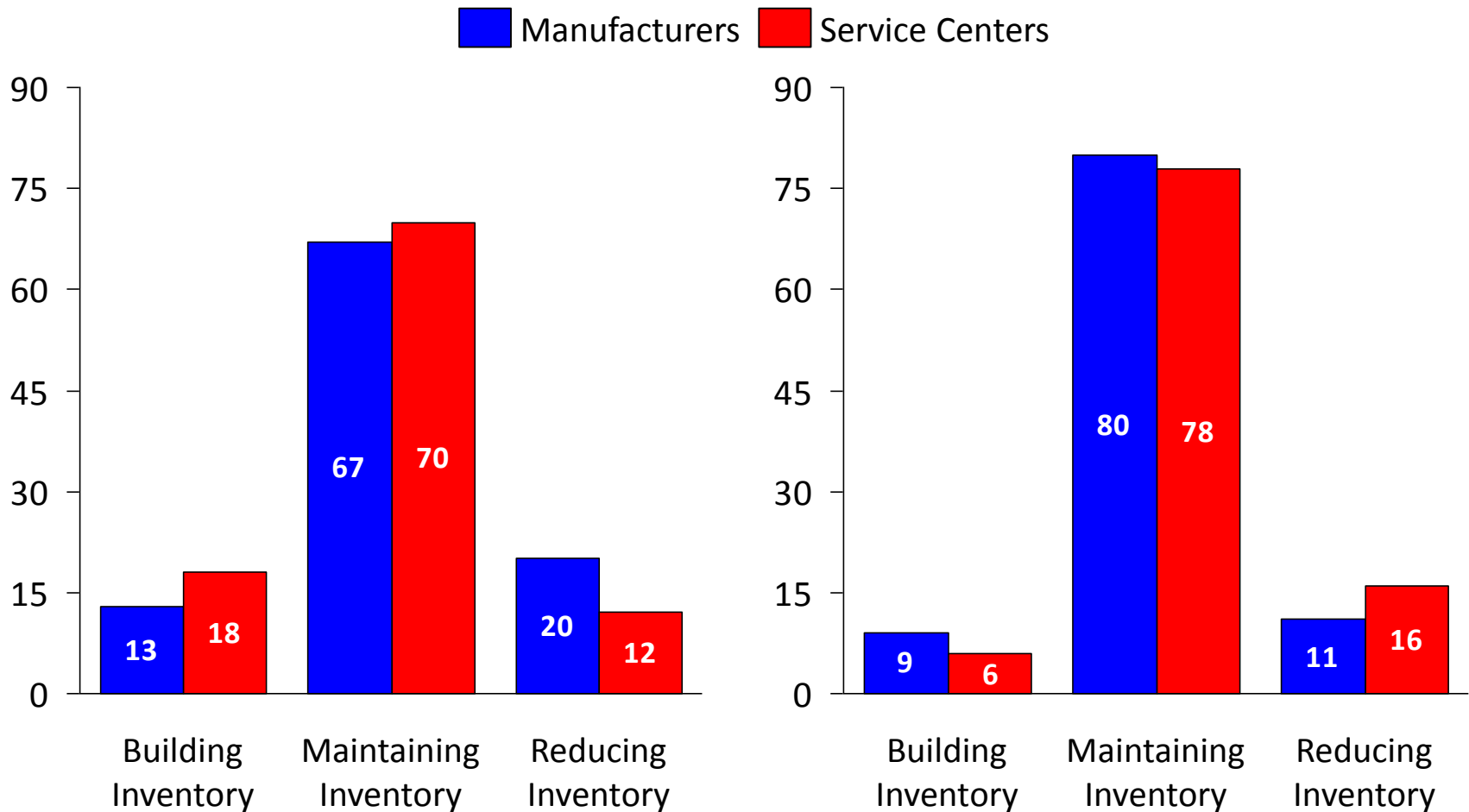
January 10th 2014



Manufacturer and Service Center Inventory Buying Patterns

December 20th 2013

January 10th 2014

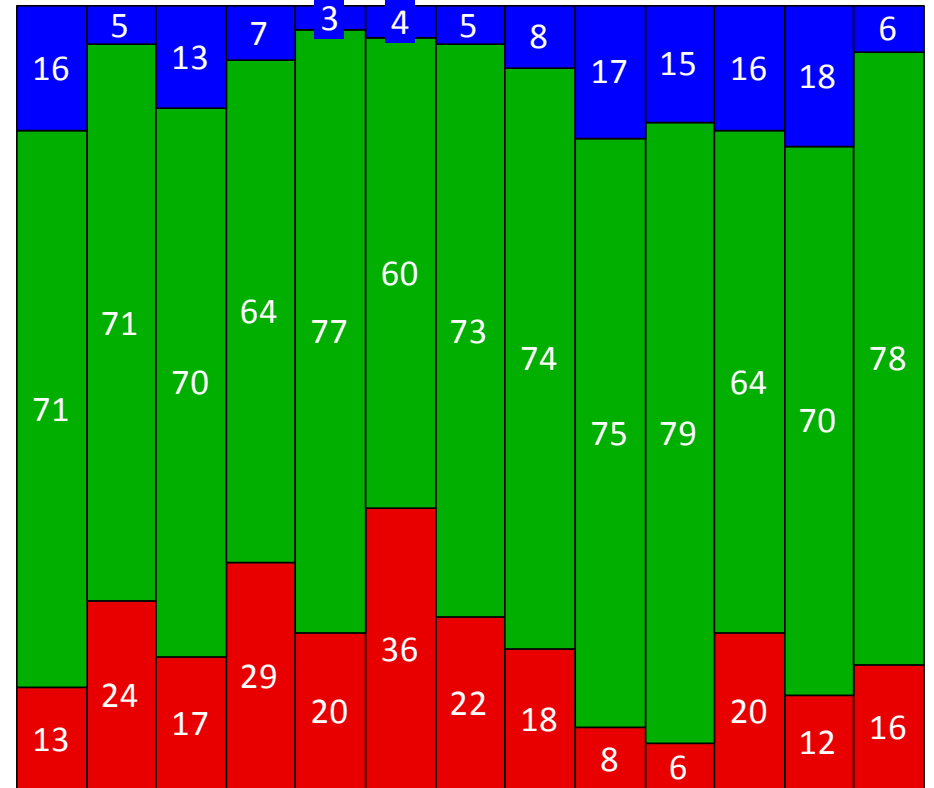
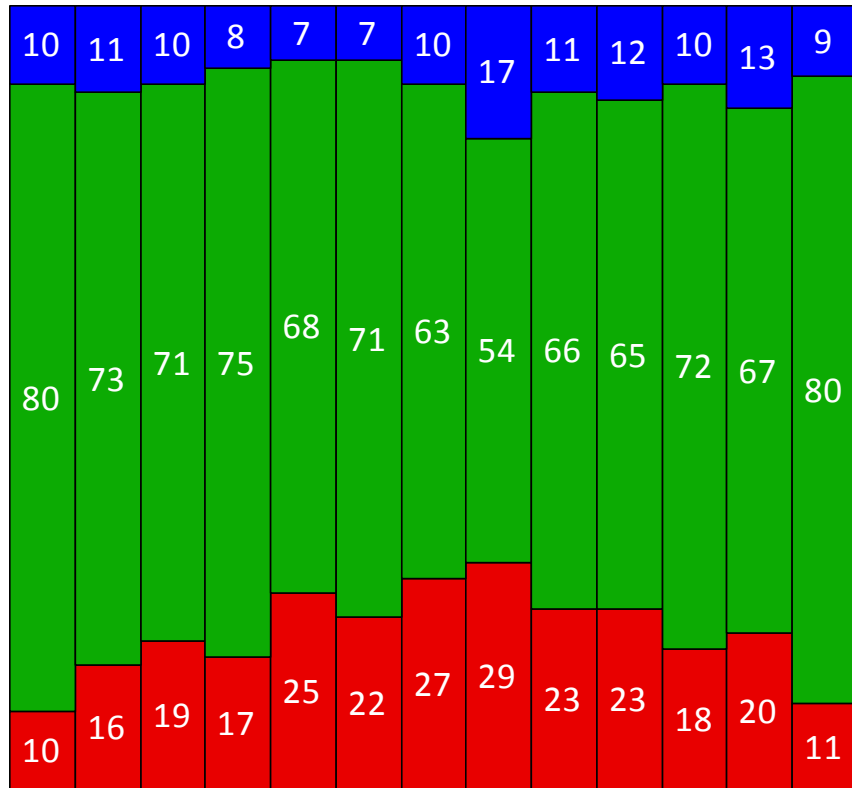


Manufacturer and Service Center Inventory Buying History

Manufacturers

- Building Inventory
- Maintaining Inventory
- Reducing Inventory

Service Centers



Q3

Q4

Q1

2014

Q3

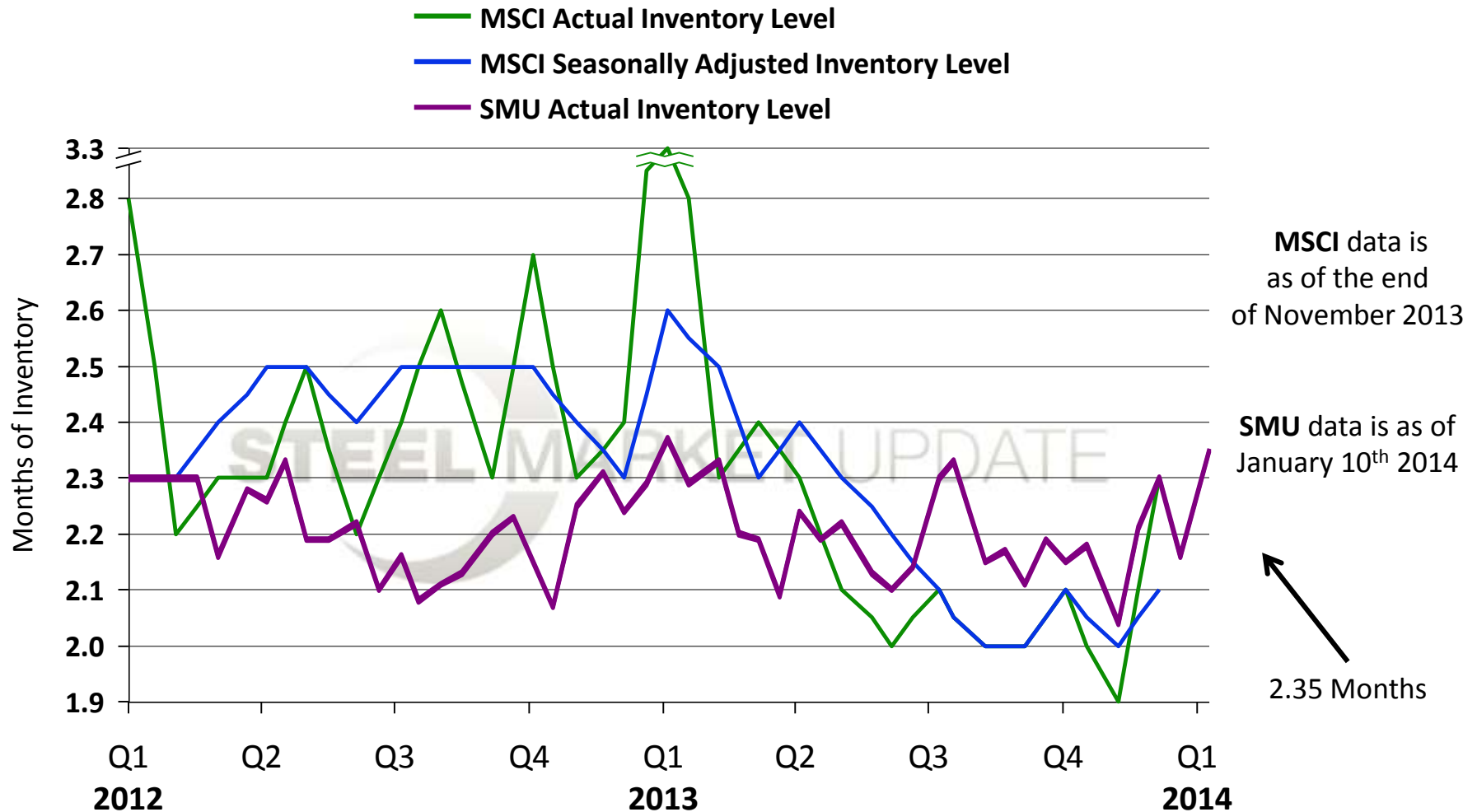
Q4

Q1

2014

Service Center Months on Hand History

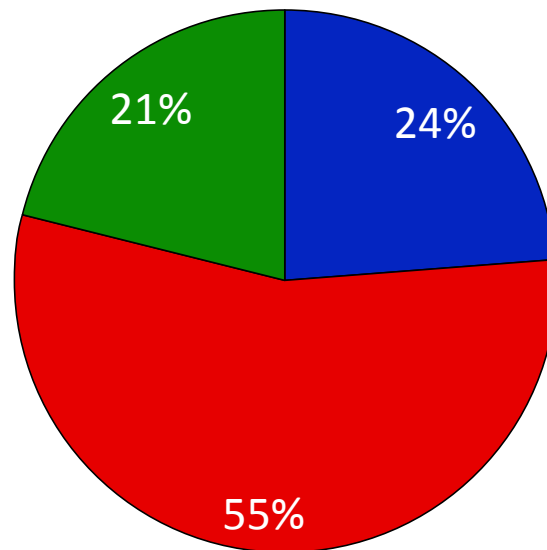
SMU Service Center & MSCI Inventory Level History Comparison



Q1 Tonnage

Manufacturers- Does your company anticipate that it will buy more spot market flat rolled steel tonnage as a percentage of your business in 1st Quarter than you did during 4th Quarter 2013?

■ Yes ■ No ■ Unsure

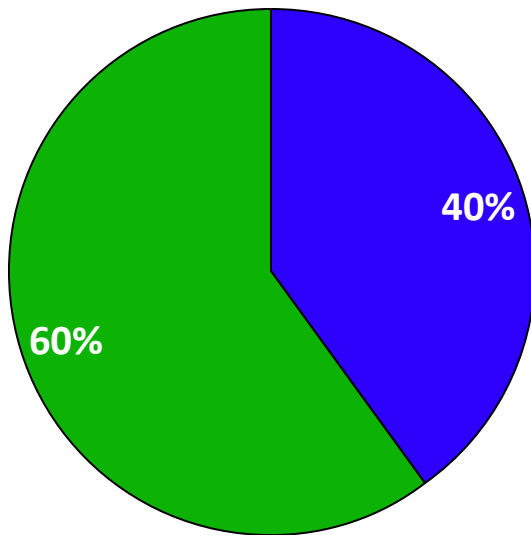


Manufacturer's View of Service Center Selling Prices

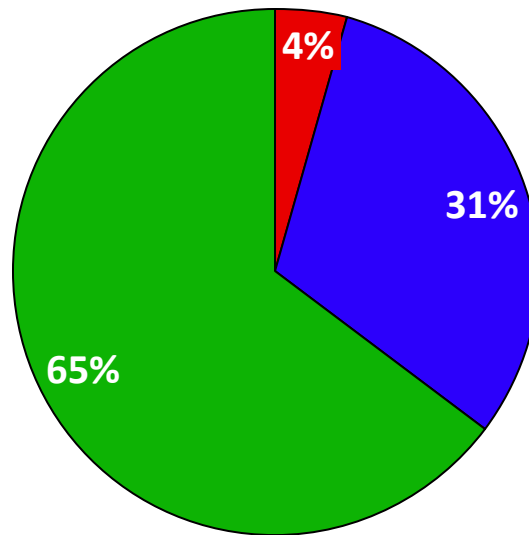
Manufacturers- Which comment do you feel is representative of service center pricing right now?

- We are seeing prices decreasing from our service centers
- We are seeing prices stable from our service centers
- We are seeing prices rising from our service centers

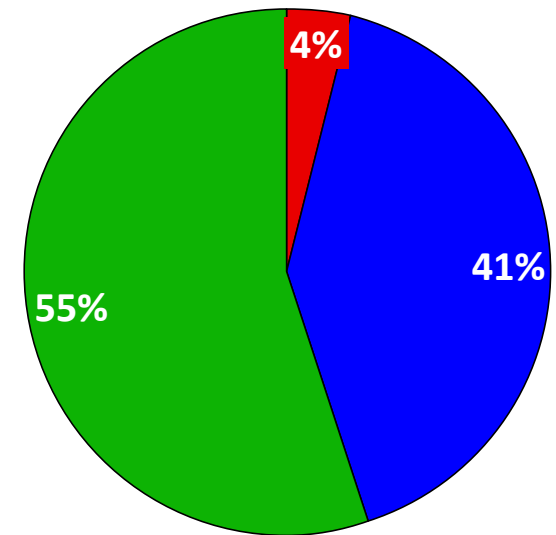
November 8th 2013



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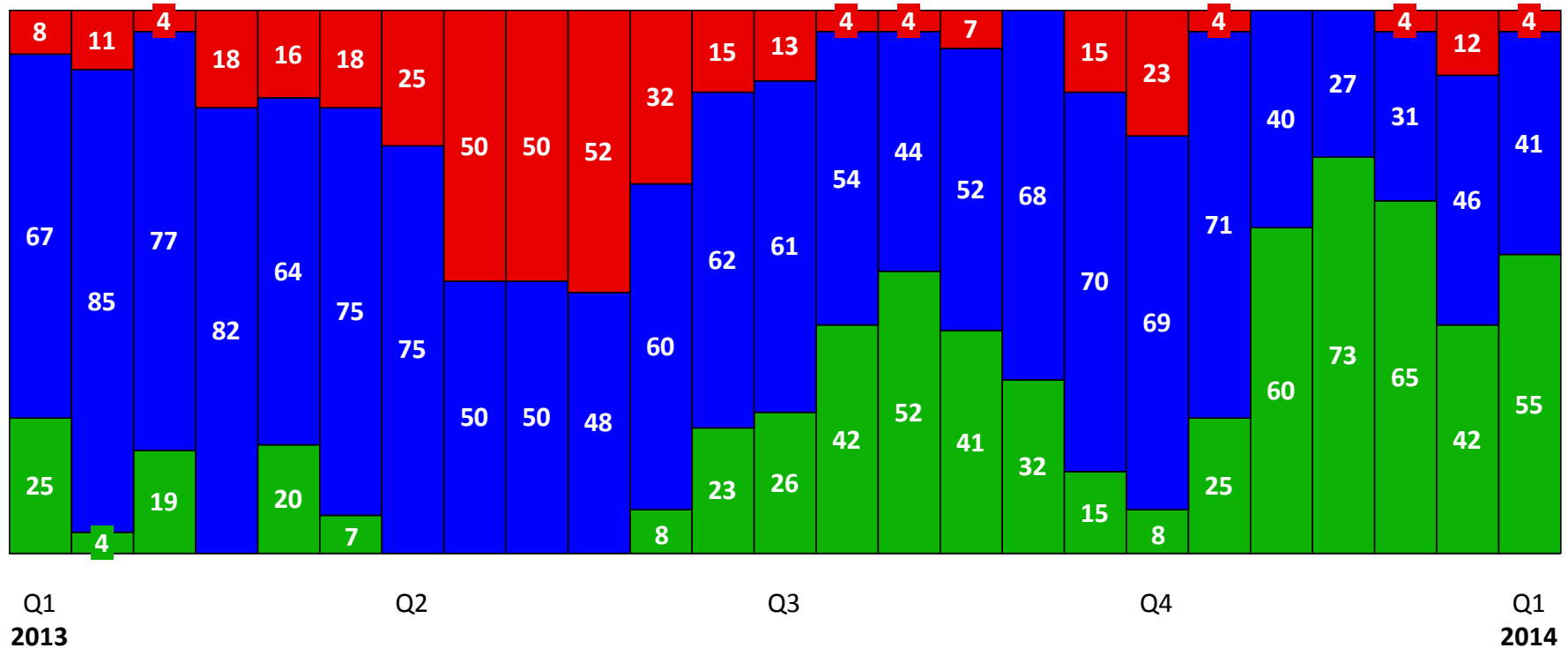
January 10th 2014






Manufacturer's View of Service Center Selling Prices History

Manufacturers- Which comment do you feel is representative of service center pricing right now?

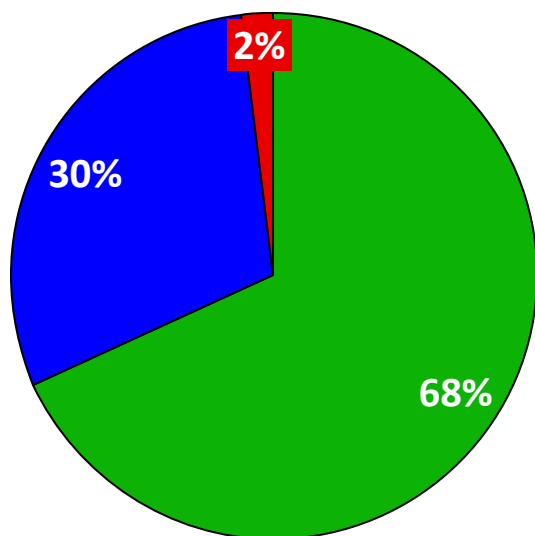
- We are seeing prices decreasing from our service center suppliers
- We are seeing prices stable (no change) from our service center suppliers
- We are seeing prices rising from our service center suppliers



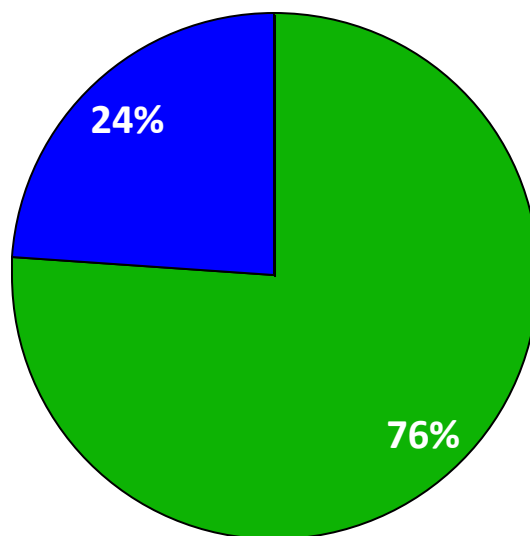
Service Centers- How is your company handling spot pricing to your customers at this time?

-  We are raising prices
-  We are keeping prices the same
-  We are lowering prices

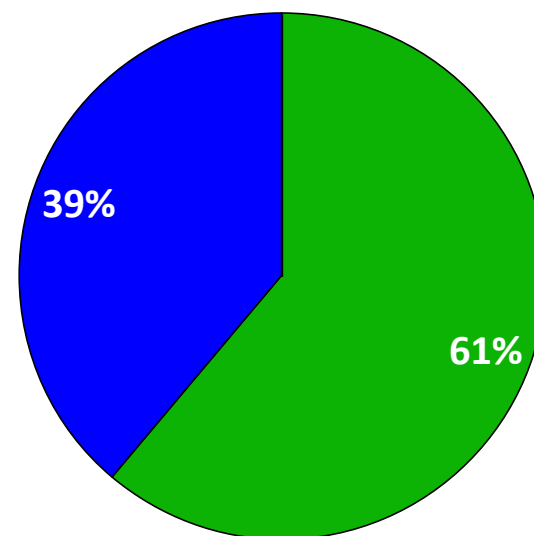
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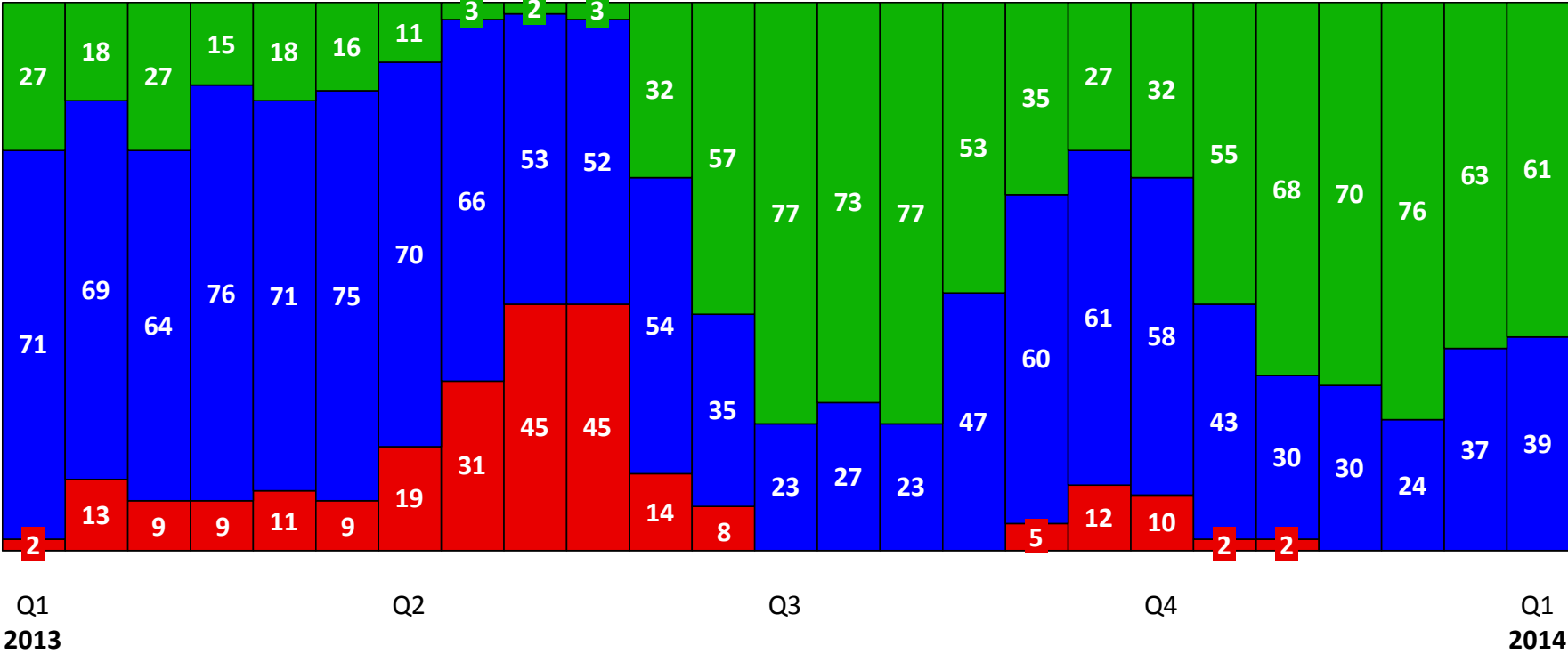
January 10th 2014



Service Center View of Selling Prices History

Service Centers- How is your company handling spot pricing to your customers at this time?

- We are raising prices
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- We are lowering prices



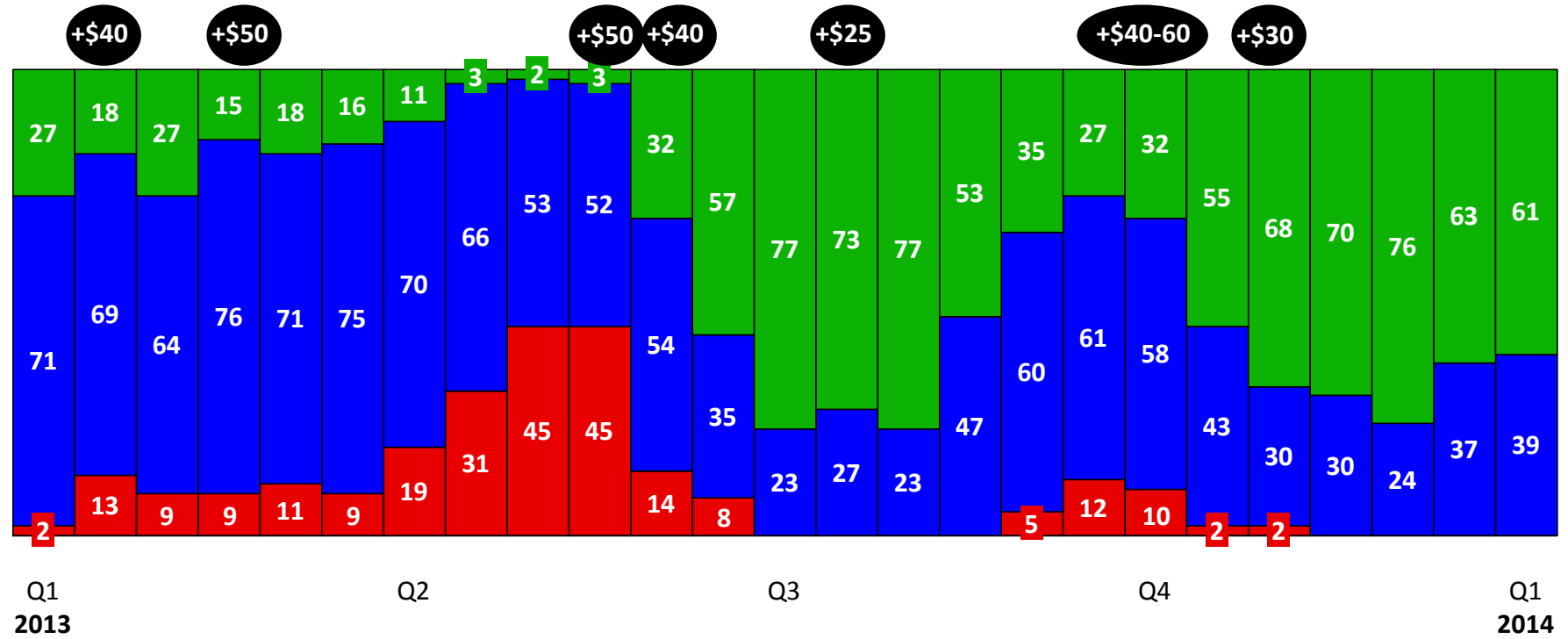
Service Center View of Selling Prices History

Service Centers- How is your company handling spot pricing to your customers at this time?




Historical AK Steel Price Announcements



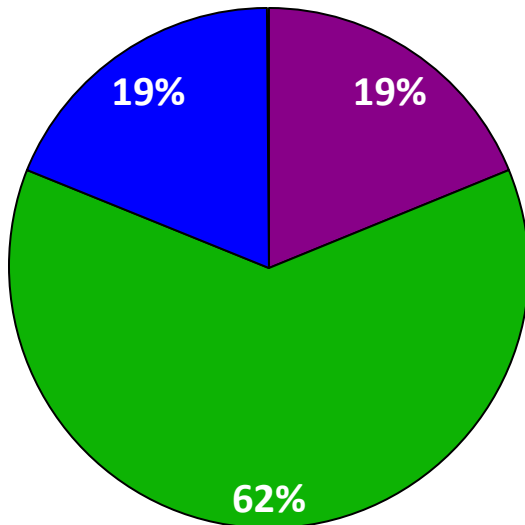
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- We are keeping prices the same
- We are lowering prices



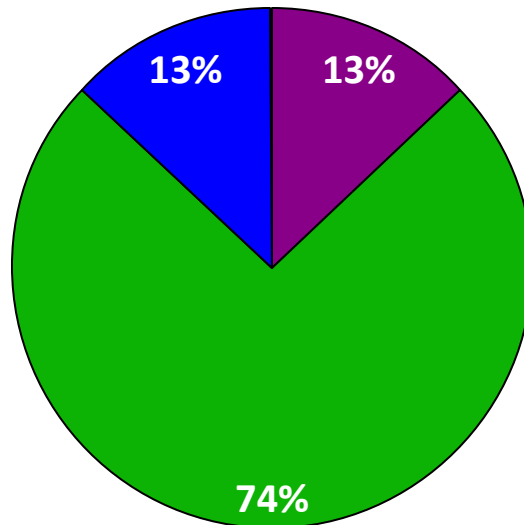
Service Centers- Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

-  Our manufacturing customers are increasing orders
-  Our manufacturing customers are maintaining their orders
-  Our manufacturing customers are reducing their orders

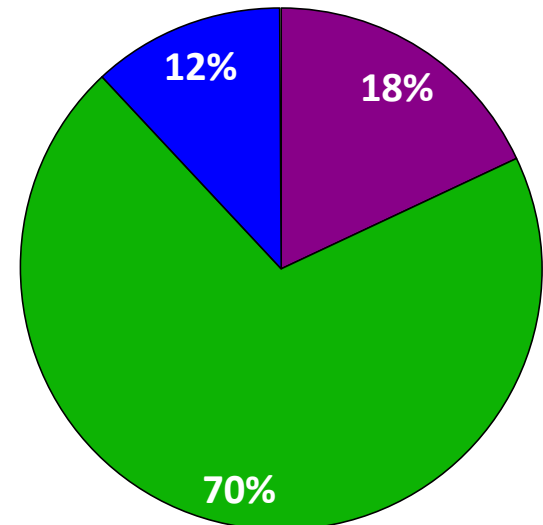
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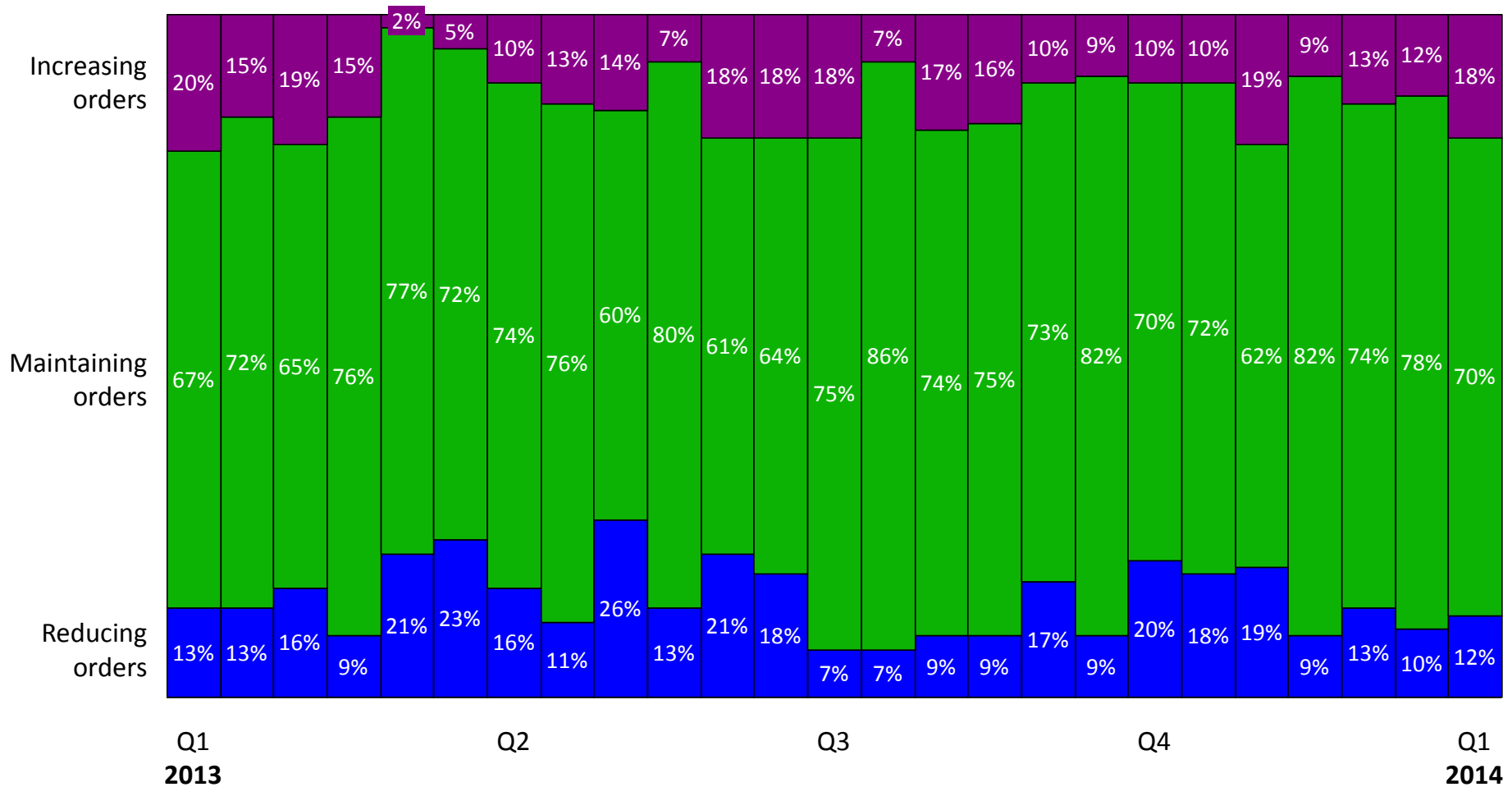


January 10th 2014



Service Centers on Manufacturer Orders History

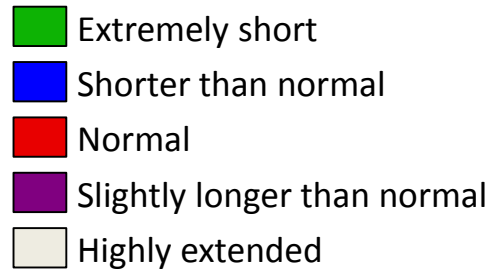
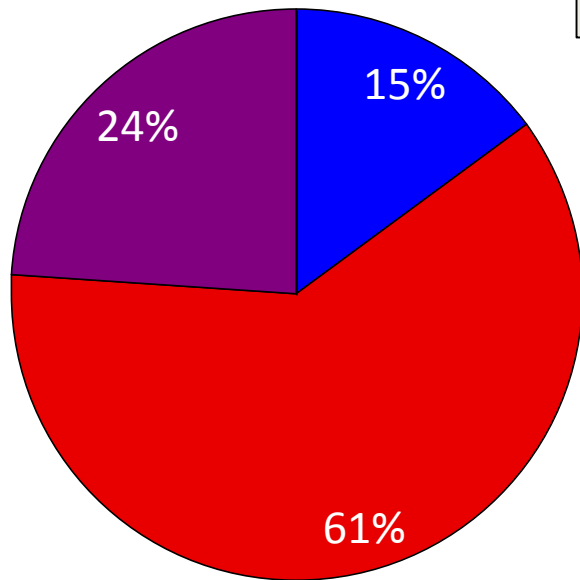
Service Centers- How are your manufacturing companies handling orders at this time?



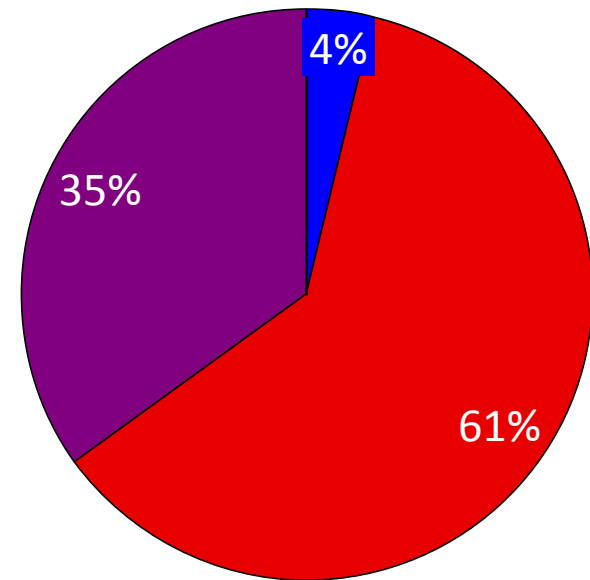
Mill Lead Times

How would you describe domestic mill lead times for new orders placed right now?

Manufacturers



Service Centers



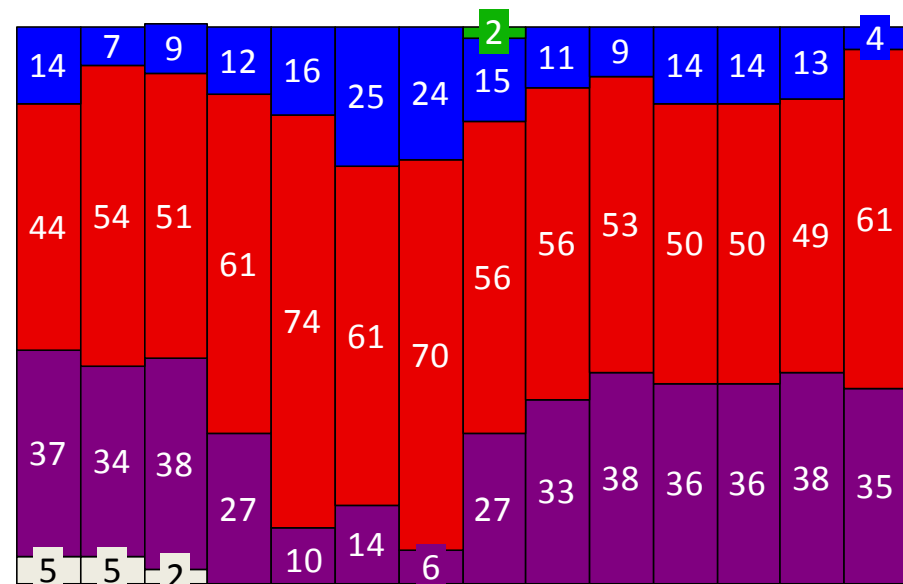
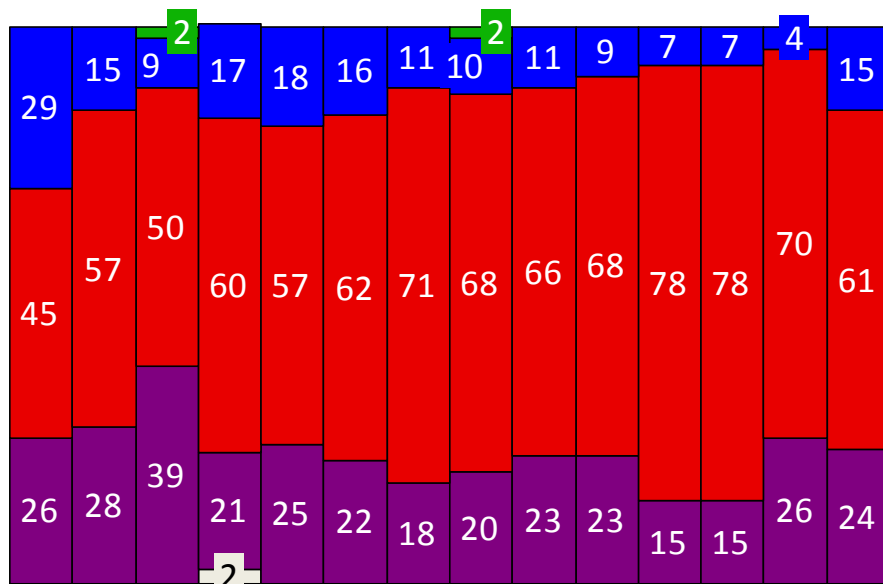
Mill Lead Times History

How would you describe domestic mill lead times for new orders placed right now?

Manufacturers

Service Centers

- Extremely short
- Shorter than normal
- Normal
- Slightly longer than normal
- Highly extended



Q3

Q4

Q1
2014

Q3

Q4

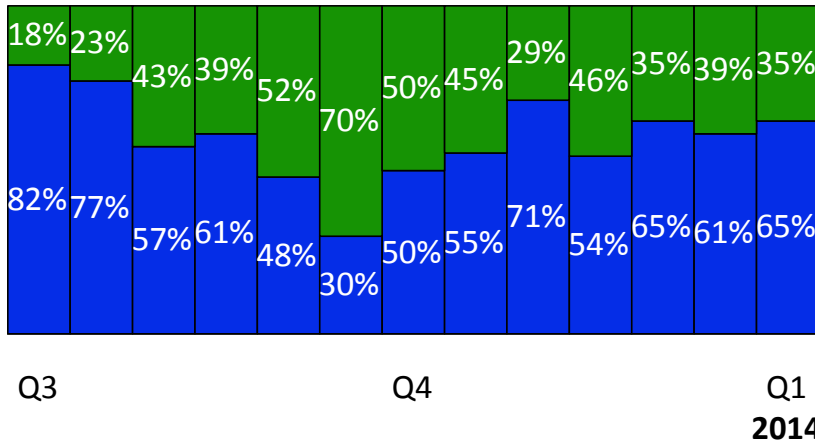
Q1
2014

Mill Negotiations

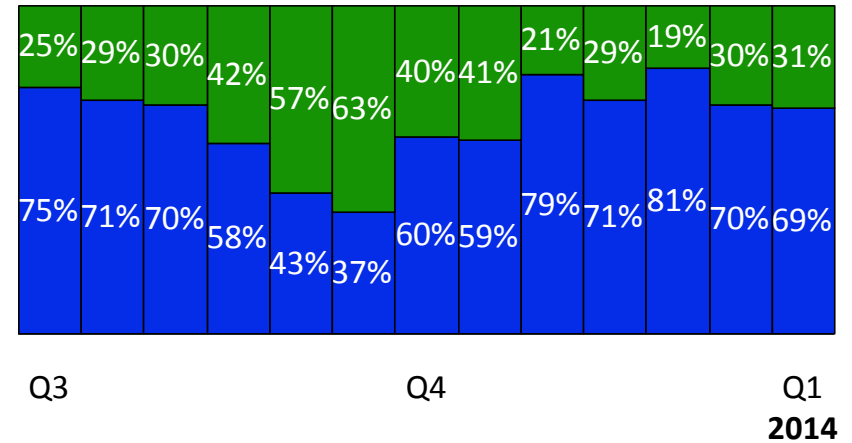
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

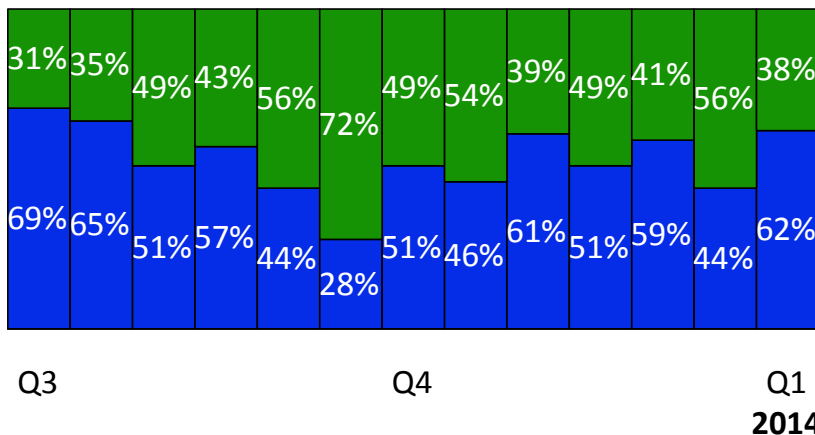
Hot Rolled Orders



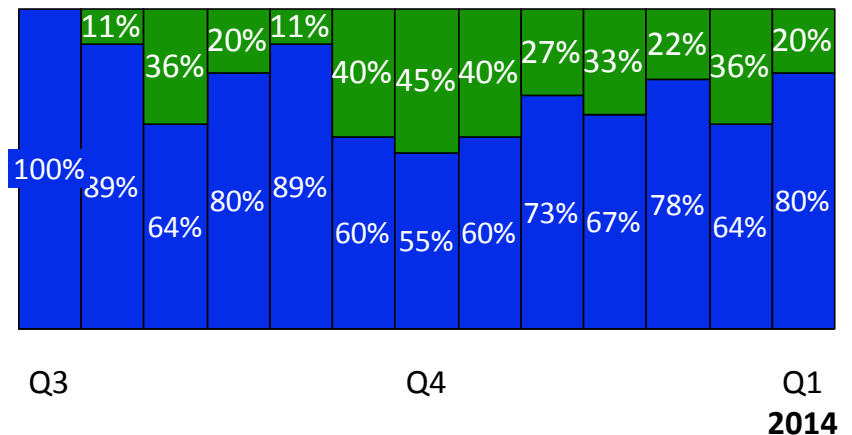
Cold Rolled Orders



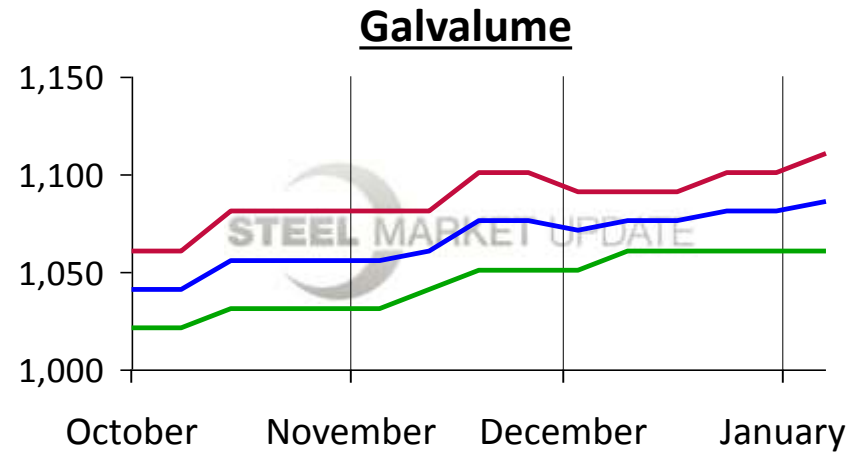
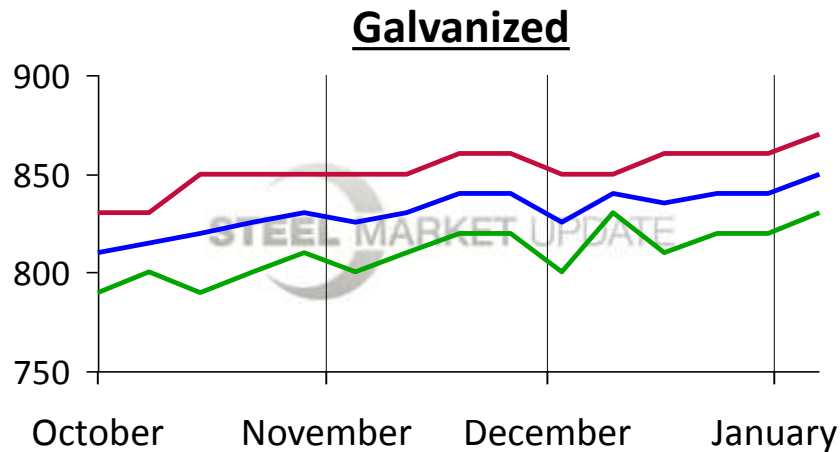
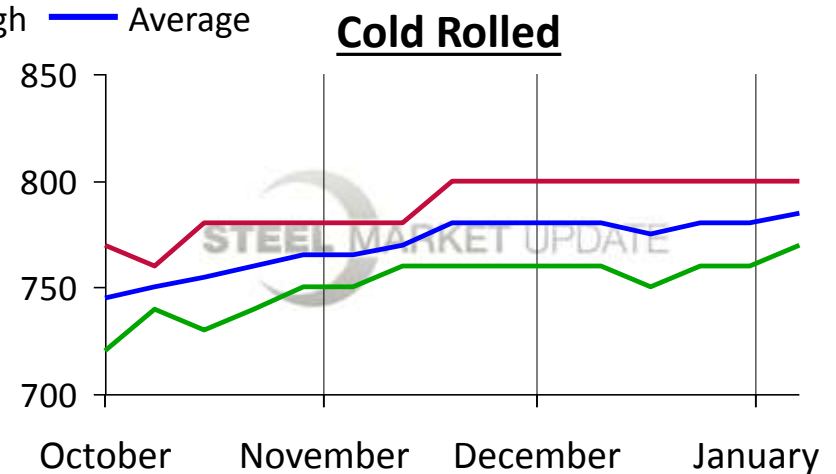
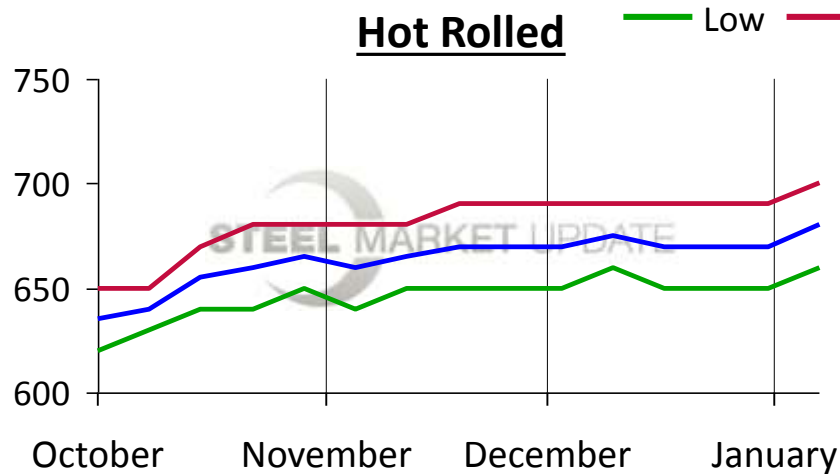
Galvanized Orders



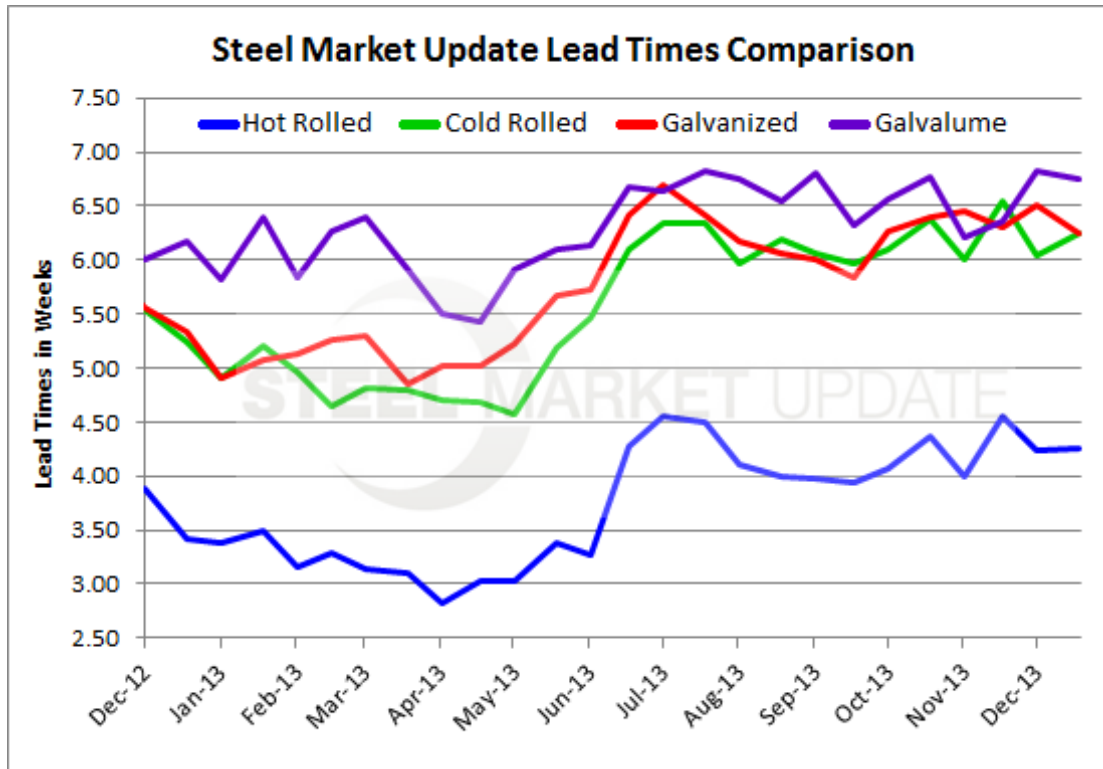
Galvalume Orders



SMU Steel Prices



Lead Times (Weeks)



Hot Rolled: 4.25
Cold Rolled: 6.25
Galvanized: 6.25
Galvalume: 6.75

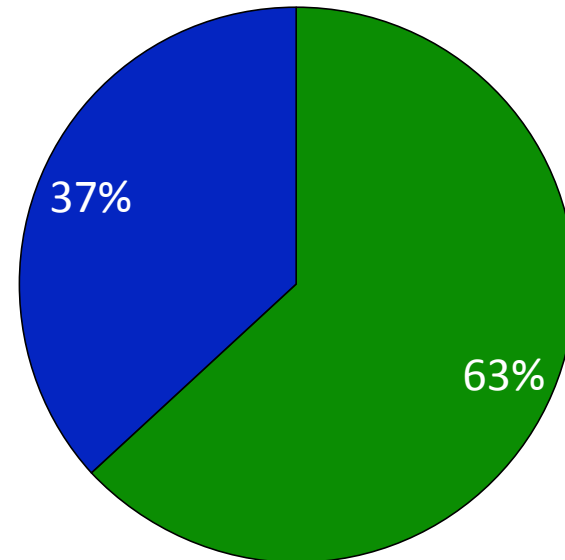
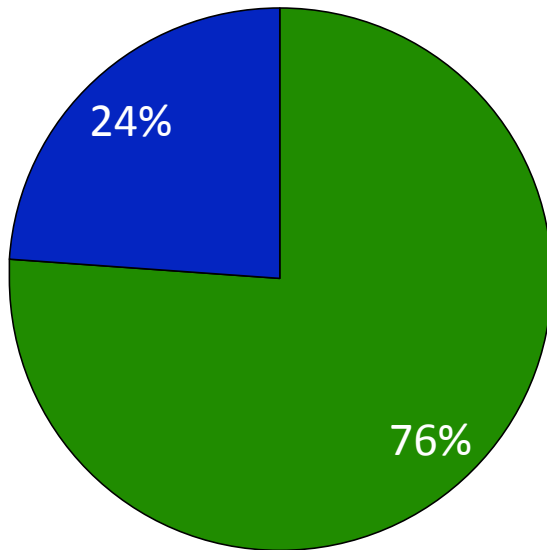
Domestic and Foreign Price Spread

Is the spread between domestic and foreign prices wide enough to justify buying foreign steel?

Manufacturers

Service Centers

Yes No



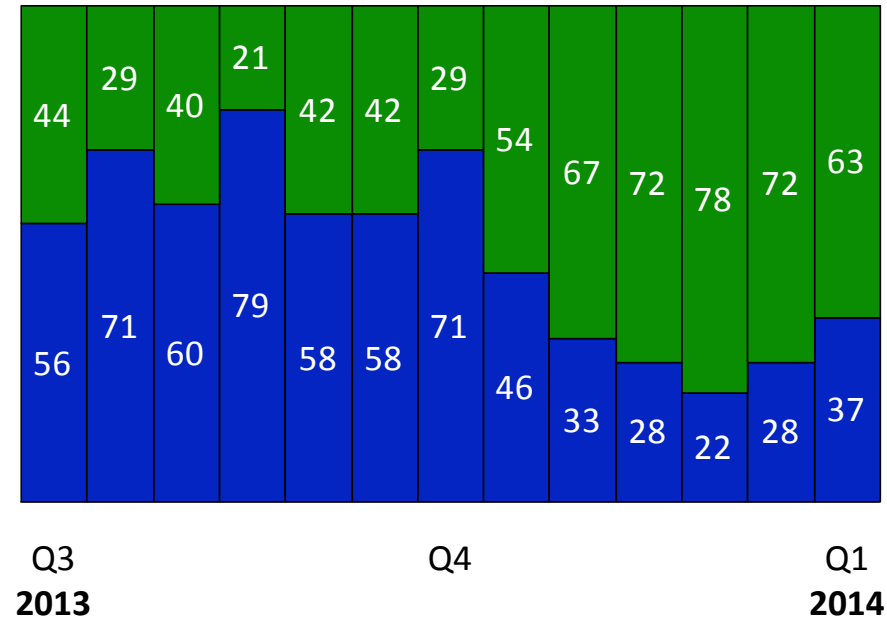
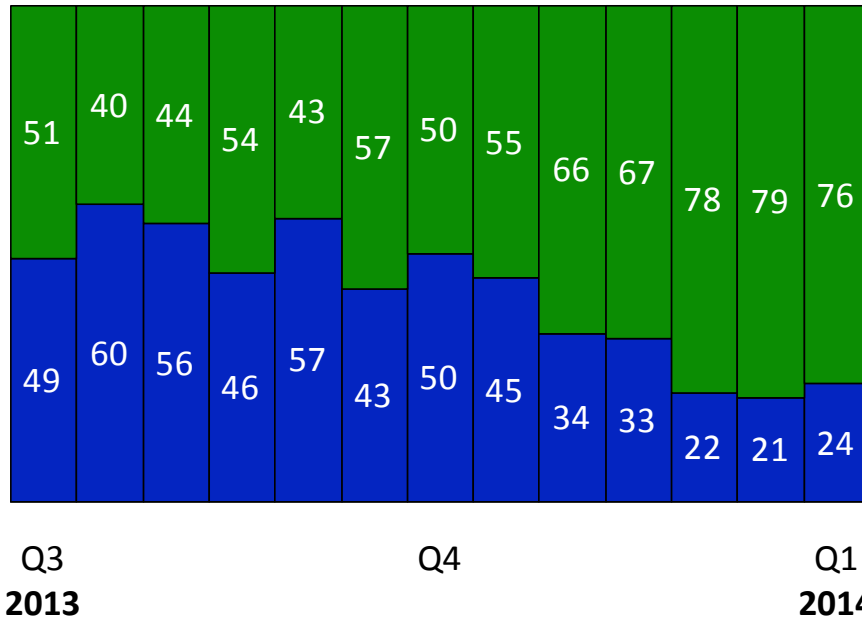
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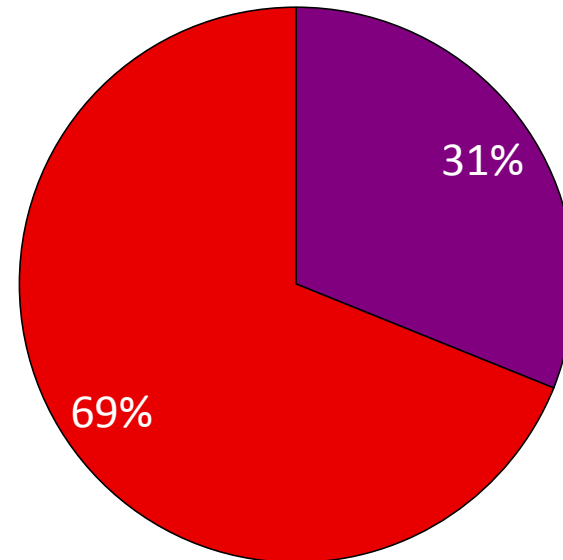
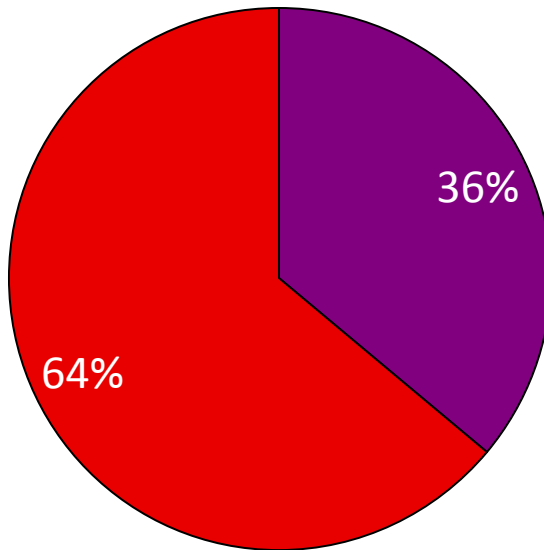
New Foreign Orders

Is your company entering new foreign orders right now?

Manufacturers

Service Centers

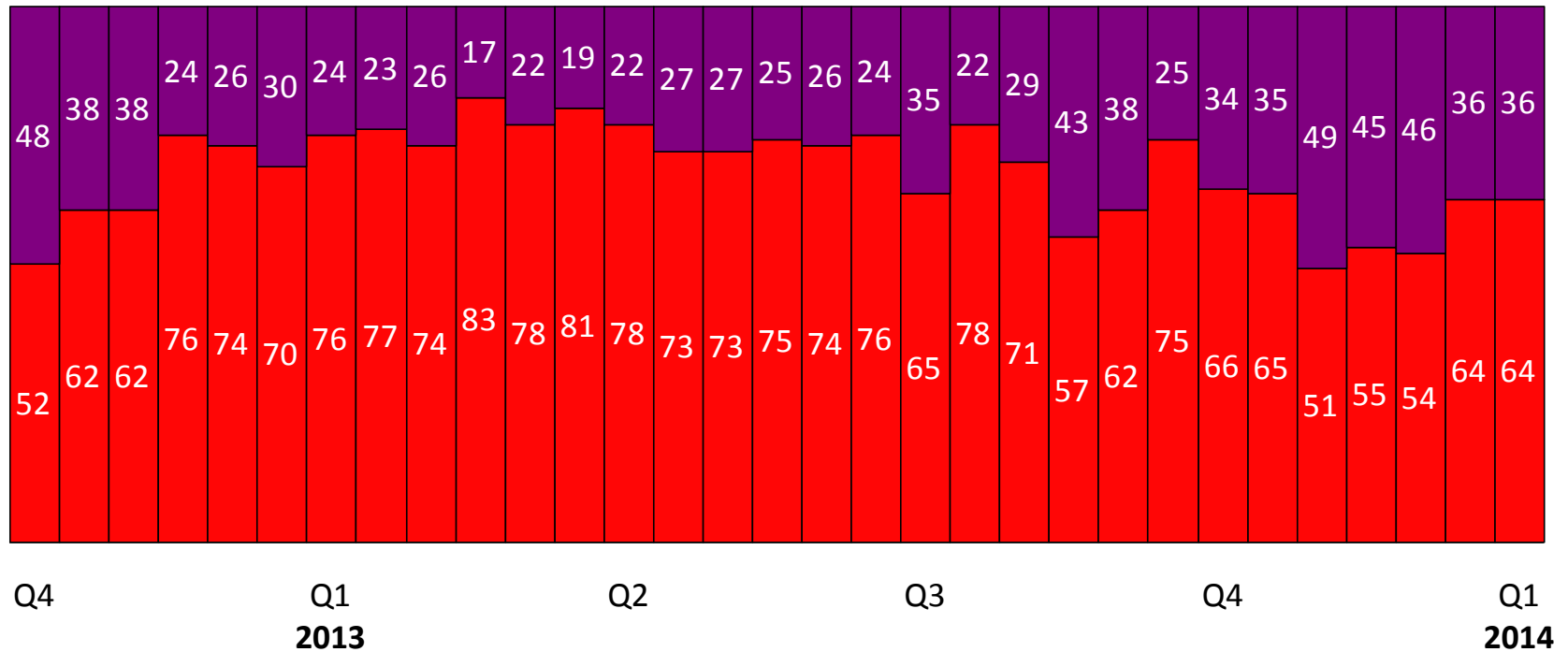
Yes No



New Foreign Orders

Manufacturers- Is your company entering new foreign orders right now?

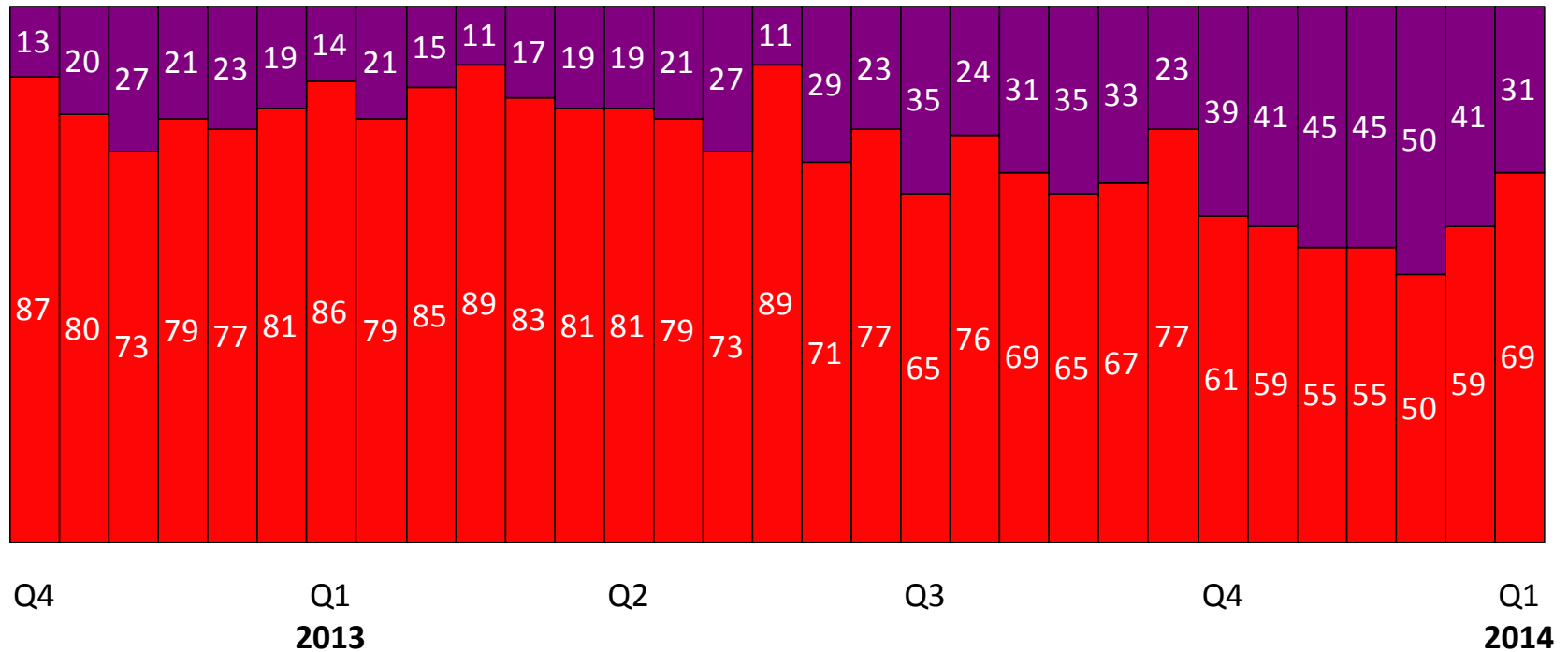
■ Yes
 ■ No



New Foreign Orders

Service Centers- Is your company entering new foreign orders right now?

■ Yes
 ■ No



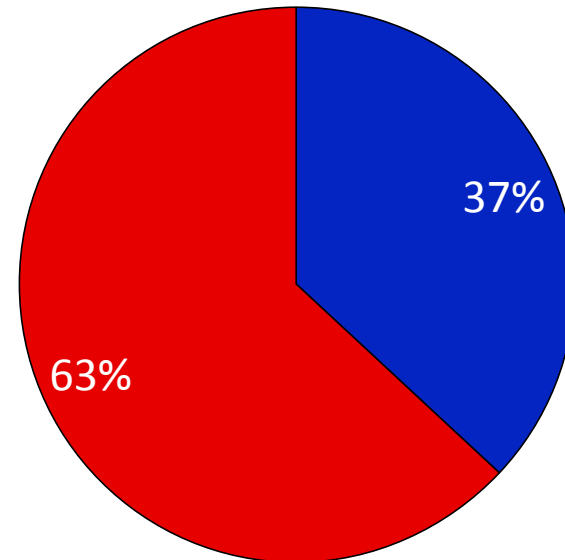
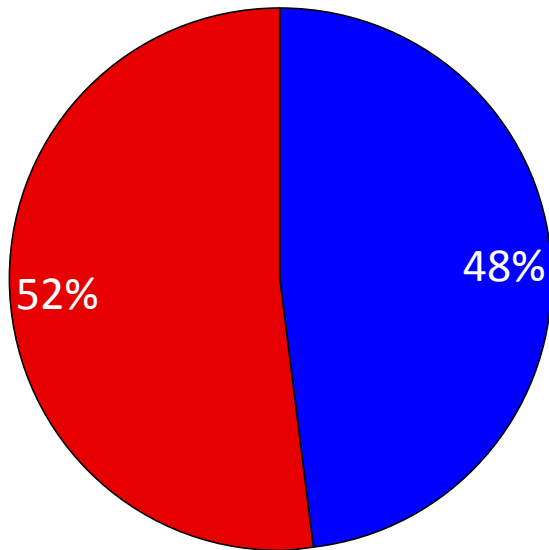
Domestic vs. Foreign Inventory

Will your company be increasing the percentage of foreign vs. domestic inventory as the 1st Quarter 2014 progresses ?

Manufacturers

Service Centers

Yes No





When you need answers... www.SteelMarketUpdate.com